Voluntary - Public

Date: 2/26/2010

GAIN Report Number: IN1013

India

Post: New Delhi

Weekly Highlights and Hot Bites No. 8

Report Categories:

Agriculture in the News

Approved By:
Holly Higgins
Prepared By:
Santosh Singh, Radha Mani

Report Highlights:

Government walks middle ground on GM crops, upholding a ban on Bt Brinjal, *Survey indicates that India will return to 9% growth path soon*, *Economic survey suggests food prices will remain high*, *Dairy sector voices opposition to meat export subsidies*, *Carrefour 2010*, *India is the top producer for agricultural commodities*, *Panel urges importing sugar urgently to curb prices*, *Milk production has to double to match demand*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

GOVERNMENT WALKS MIDDLE GROUND ON GM CROPS, UPHOLDING A BAN ON BT BRINJAL

On Wednesday Prime Minister Manmohan Singh convened a meeting to sort out the divergent views of Agriculture Minister, Science and Technology Minister and Environment Minister on the moratorium on Bt brinjal and the future of genetically engineered crops, wherein it was decided to continue with the moratorium on Bt brinjal (egg plant). The meeting ended with everyone agreeing that while biotechnology was an important option for increasing agricultural production and achieving food security, the government must ensure that it has no adverse effects on human and animal health and biodiversity. The statement from the Prime Minister's Office, said that the Genetic Engineering Approval Committee will address all the scientific issues related to Bt brinjal. (Source: Hindustan Times, 02/25/10)

SURVEY INDICATES THAT INDIA WILL RETURN TO 9% GROWTH PATH SOON

Painting an optimistic forecast for the economy in the medium and long run, the Economic Survey for 2009/10 suggests that the country has bounced back from the global economic slowdown, and is on its way to returning to the robust growth path of around 9 percent. India's GDP is expected to grow at 8.5 percent in Indian fiscal year 2010/11 (April/March), potentially breaching the 9 percent mark in 2011/12. The survey also made a case for resumption of the process of withdrawal of the fiscal stimulus in a gradual manner. The optimism comes from the revival in the investment and private consumption demand, the impressive growth in exports in Nov-Dec 2009, and a remarkable turnaround in the core infrastructure sector. However, the survey has expressed concern over the emergence of double digit food inflation, especially in the second half of 2009/10. (Source: Business Line, 02/26/10)

ECONOMIC SURVEY SUGGESTS FOOD PRICES WILL REMAIN HIGH

With limited availability of sugar, rice and pulses in the domestic market this financial year (2009/10), the Economic survey expects food prices to continue to remain high in 2010/11. The survey recommends policy action, including imports to build up public stocks in rice and improvement in productivity of pulses on the medium term basis to contain the rise in food prices. (Source: Business Standard, 02/26/10)

DAIRY SECTOR VOICES OPPOSITION TO MEAT EXPORT SUBSIDIES

The Indian Dairy industry has asked Agriculture Minister Sharad Pawar to scrap export subsidies for meat as it is skewing the dairy economics where killing of animals is turning out to be more profitable in the short term rather than raising them for milk. The request notes that the subsidies to the slaughter houses and exporters have adversely impacted milk production in the country resulting in the recent hike in milk prices. The subsidy encourages dairy owners to discard their animals to slaughter houses early as the cost of maintaining buffaloes and cows after weaning has been going up steadily. The value of meat exports have doubled in four years to Rs. 50 billion in 2008/09, and the industry sources allege a strong correlation between the rise in meat exports and declining number of dairy animals. (Source: Economic Times, 02/22/10)

CARREFOUR 2010

France’s Carrefour, the world’s second largest retailer plans to enter India’s vast retail market in 2010 after scouting for several years. The company plans to develop its activities with the start of Cash-and Carry business in 2010, and is in discussions with potential local partners. India’s estimated $ 500 billion retail sector is seen as having high growth potential, however the sector remains highly regulated. Under India’s tight foreign investment regulations, no foreign company is permitted to invest in retail sector, except for single brands (eg: Nokia, Nike, etc). However, foreign companies can invest in wholesale Cash-and carry operations. (Source: Economic Times, 02/20/10)

INDIA IS THE TOP PRODUCER FOR AGRICULTURAL COMMODITIES

According to 2007 data from the Food and Agriculture Organization, an arm of the United Nations, India tops in the production of 25 of 194 agricultural commodities. Some of top products include bees wax, goat milk, castor-seed, lemons, banana, mangoes, guavas and mangosteens, safflower, chickpea, pigeon pea and buffalo milk. India is far ahead of other countries in the production of most of the commodities. The rise in output since 2000 in some crops has led to this position. (Source: Business Line, 02/22/2010)

PANEL URGES IMPORTING SUGAR URGENTLY TO CURB PRICES

With food inflation surging close to 18%, the Prime Minister's economic panel in its review of the Indian economy for the current financial year said that India may have to "urgently" import 3-5 million tons sugar. The panel also indicated that India may also have to import rice if the procurement falls below the level of 27 million tons. On the management of food stocks, the panel said that the government should time the release of foodgrains from public stocks in sufficient quantities at lower-than-the-market prices to address the price rise issue. (Source: Financial Express, 02/20/2010)

MILK PRODUCTION HAS TO DOUBLE TO MATCH DEMAND

The Chairman of the National Dairy Development Board, Dr. Amrita Patel, said that in order to meet the increasing demand of milk, India's domestic production will have to grow from the current 2.5 million tons a year to 5 million tons. Sources indicated that increasing income of rural households and hike in salaries of government employees are mainly responsible for the increase in demand at a rate much higher than production. According to Dr. Patel, dependence on import to bridge the gap between demand and supply of milk is not a proper solution. "The Dairy industry is a source of livelihood for millions of small and marginal farmers. So, instead of sourcing milk from overseas markets, we should focus on increasing the productivity, which is quite possible through certain initiatives". She also added that a scientific approach to breeding, feeding and animal healthcare programs is required to increase the productivity. (Source: Business Line, 02/20/2010)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1012	Weekly Hot Bites, #7	02/19/2010
BG1001	Grain and Feed: ANNUAL	02/24/2010

WE ARE ON THE NET

Visit our headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/NEW DELHI EMAIL

To reach FAS/New Delhi, email us at Agnewdelhi@fas.usda.gov